NCA
VOC FOR IOP/FN
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POLISH CONSUMER PRICES

ANNCR:

A POLISH COMMUNIST PARTY NEWSPAPER, IDEOLOGIE I POLITYKA, HAS GIVEN THE MOST DEFINITE INDICATION SO FAR THAT FOOD PRICES WILL BE INCREASED IN POLAND. VOA CORRESPONDENT MARK HOPKINS HAS THIS BACKGROUND REPORT.

VOICE:

FOOD PRICES ARE A SENSITIVE POLITICAL ISSUE ANYWHERE. IN POLAND, THEY CAN BE EVEN MORE SO...AS THEY WERE A LITTLE MORE THAN FIVE YEARS AGO WHEN THEY WERE RAISED JUST BEFORE CHRISTMAS, TOUCHING OFF WORKERS' RIOTS THAT TURNED INTO A POLITICAL REBELLION, TOPPLING PARTY LEADER WLADYSLAW GOMULKA.

THE GRAPHIC MEMORY OF THAT CRITICAL TIME NOW CAUSES THE LEADERSHIP OF EDWARD GIEREK TO TREAD CAUTIOUSLY TOWARD WHAT ARE EXPECTED TO BE PRICE INCREASES FOR MEAT AND OTHER FOOD ITEMS.

THE ECONOMIC ARGUMENT SEEMS ALL ON THE SIDE OF THE GOVERNMENT. IT HAS BEEN HEAVILY SUBSIDIZING POLAND'S PRIVATE AGRICULTURE. LESS THAN ONE YEAR AGO, THE GOVERNMENT GRANTED FARMERS AN ADDITIONAL ELEVEN PERCENT FOR THEIR PORK AND FOURTEEN PERCENT FOR THEIR MILK. THESE EXTRA COSTS HAVE NOT BEEN PASSED ON TO POLISH CONSUMERS. IN FACT, FOOD PRICES HAVE REMAINED THE SAME.

BUT TWO OTHER THINGS HAVE HAPPENED THAT HAVE CAUSED SERIOUS IMBALANCE IN THE CONSUMER MARKET. ONE, POLISH WORKERS HAVE GOTTEN MORE MONEY -- THEIR WAGES HAVE INCREASED

ON THE AVERAGE BY FORTY PERCENT IN THE LAST FIVE YEARS. AND, TWO, WITH THIS NEW WEALTH, CONSUMPTION HAS GONE UP. THE AVERAGE POLISH CITIZEN NOW EATS SEVENTEEN MORE KILOGRAMS OF MEAT A YEAR THAN HE DID IN NINETEEN SEVENTY.

WHAT HAS HAPPENED THEN IS THAT DEMAND FOR CONSUMER GOODS, INCLUDING FOODS, HAS BEEN RACING AHEAD OF SUPPLY. POLAND HAD TO BUY MEAT FROM YUGOSLAVIA LAST YEAR. THE GOVERNMENT HAS ALSO HAD TO BUY FOREIGN GRAIN, AFTER BAD WEATHER HURT POLAND'S CROP, AND THIS HAS ADDED TO GOVERNMENT COSTS FOR FOOD.

SO NOW THE POLISH LEADERSHIP IS CAREFULLY PREPARING THE POPULATION FOR THE FIRST BASIC FOOD PRICE INCREASES IN MORE THAN FIVE YEARS. OFFICIALS, AWARE OF THE SENSITIVITY, HAVE MENTIONED "PRICE ADJUSTMENTS". BUT NOW ONE PARTY NEWSPAPER, IDEOLOGIA I POLITYKA, IS MORE DIRECT. IT SAYS THAT ONE WAY TO COMPENSATE FOR THE INCREASE OF SOME BASIC FOOD PRICES AND SERVICES -- THIS INDICATING THAT THE PRICES WILL GO UP -- IS TO RAISE SALARIES, BUT FOR THOSE WHO WORK BETTER.

SO THE INDICATION IS THAT SOME FOOD PRICES, AND SOME WAGES WILL GO UP IN POLAND...THE LEADERSHIP CAUTIOUSLY EXPLAINING TO THE WORKERS THE ECONOMIC CAUSES TO AVOID POLITICAL RESULTS.

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